Lesson 2

GUNNAR MYRDAL (1968) in Asian Drama

Even in economic choices, people are conditioned by their total mental make-up, and in particular, by the community in which they live, that they are motivated in a variety of ways as are all human beings in all their behavior, we are directing our attention more and more in the interplay of these forces.

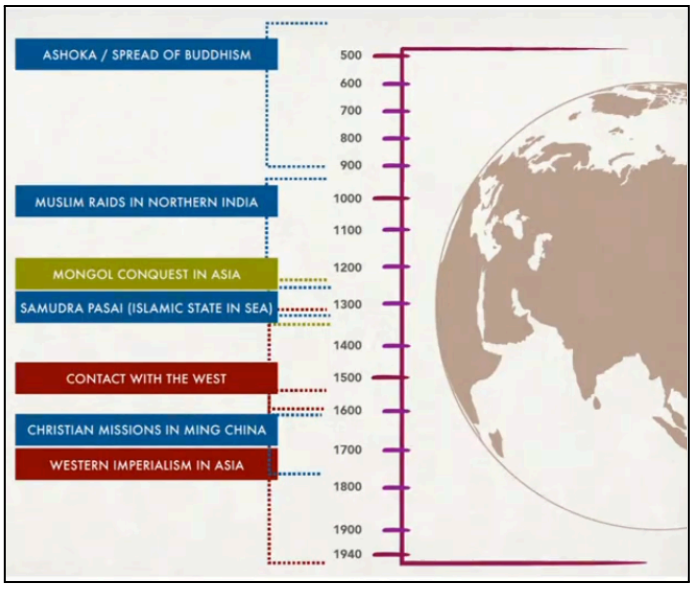
An appraisal of the region and its development trajectory

Myrdal notes the increased interest and redirection in the work done among underdeveloped countries. He attributes these to the following interacting reasons:

1. Liquidation of colonial power structure
2. Emergence of craving for development among underdeveloped countries
3. International tensions, i.e., Cold War

Interdisciplinary Perspective

Potential sources of bias when examining development and economics in underdeveloped countries: (a) undue association of internal problems from the POV of Western political and military interest to save us from communism; (b) transference of Western concepts and theories.



In Asian history, these are the major changes in the history of regions. Makikita niyo dito we have civilization before the arrival of colonizers. Not as glorious as it seems but it's still worth studying. More on religion ang spread/impact dito and it is much more prominent in parts of Indonesia, Malaysia, and Thailand. In the 1500, that's where we had contact with the West through trade (mostly). In the Philippines, even before Spaniards colonized us, we already have trade relations with China, parts of Britain, then tsaka lang nagkaron ng explanation after.

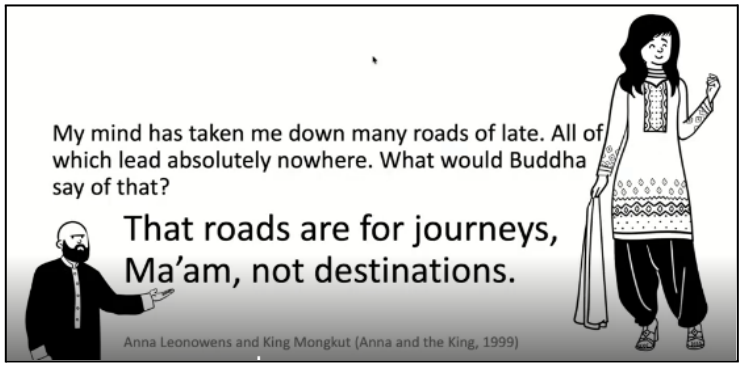
Regional Fragmentations

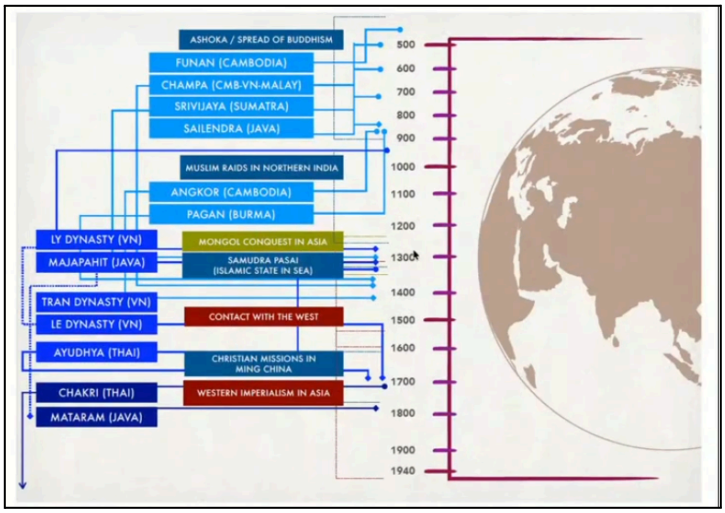
UNIVERSAL RELIGIONS

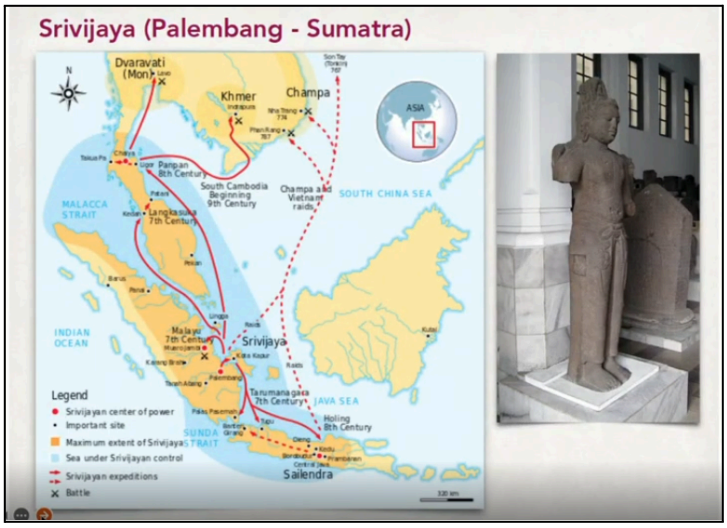
- Fusion of theocratic state ideals with the need to legitimize state control
- Empires as states // emperors as both priest - father - leader
- Localization of religious broad strokes (i.e., Buddhism into Mahayana-Therevada; Hinduism into sufi mystics, local cults; rise of Islam and Christianity; EA and SEA indigenous culture + fusion of Hindu-Islam-Confucian-Buddhist practices)

MONGOL CONQUEST IN ASIA

- Mongols as world-class warriors
- Brief but impactful encounter in Asia // introduced innovations in empire building and warfare in the region and the rest of the globe
- Mongol Sinification // Yuan Dynasty in China


My mind has taken me down many roads of late. All of which lead absolutely nowhere. What would Buddha say of that?
That roads are for journeys, Ma'am, not destinations.
Anna Leonowens and King Mongkut (Anna and the King, 1999)





SEA Classical Empires

CHAMPA (VIETNAM - CAMBODIA - MALAY)

- Thalassocratic in a sense (not a conventional kingdom) // maritime nomadism
- Allied with the Viets to defeat Mongols in the 13th century // one of the reasons why Mongols did not reach much of SEA mainland and maritime territories
- Located in the coasts of Vietnam but has relations in Cambodia and are Austronesian speakers

SRIVIJAYA (PALEMBANG - SUMATRA)

- Thalassocratic Malay empire based in Sumatra (modern-day Indonesia)
- Center of Buddhist expoansion in 8th to 12th centuries; Maritime hegemony in 7th to 11th centuries (rivals of Champa, Kambuja, and Java); Monopolized trading rights with Tang and Song China, Indian Pala, and Islamic Caliphate in Middle East.
- Srivijaya + Majapahit = Indonesian nationalist identity against the Dutch 20th century
- Administration: center is directed by the ruler while hinterland is under local datus with a network of allegiance with the maharaja (force as basis of relations)
- Legacy: Melayu as Bahasa pasar + unifying factor for Malay-speaking areas

SAILENDRA (JAVA)

- Borobudur (mix of Hindu, Buddhist, and Islamic traditions in Jogjakarta)

ANGKOR (CAMBODIA)

- Land-based empire // territorial bounds not the basis of strength and expansion // Khmers; Hindu + Buddhist adapted cultures, fused with indigenous Khmer culture
- Mandala system // astrological (reflects the structure of the world) + religious ideas fused into political development // irrigation and water reservoirs as strength of the empire
- Angkor Wat (Survavarman II), Angkor Thom (Jayavarman II built this when Chams desecrated Angkor Wat; decline: Ayudha sacking + water-borne diseases
- Laos is initially part of Khmer Kingdom then later on under Thai capture; until French colonized small state

PAGAN (BURMA/MYANMAR)

- Unified regions that would later form modern-day Myanmar // "charter polity"
- Anawharta as founder // contemporary Khmer Angkor as major empires in mainland SEA // recognized by Song China and Chola India
- Heavy investment of agricultural, arid lands into rice granaries, and irrigation to support growing population and expansion
- Expansion include borders of Cambodia and Siam (Thailand) + Shan states + Malay Peninsula (under Sithu I)
- Served as bastion for Therevada Buddhism in SEA // religious tolerance // temple building projects as basis for religious merit
- Decline: tax-free religious wealth (sanghas) contributed to decline + internal disorder and Mongol invasion
- Government: mandala system // direct rule in the core + tributary vassal states in peripheries // Legacy: served as a check to Khmer Angkor dominance

LY, TRAN, LE DYNASTIES IN VIETNAM

- Started as An Nam, under the protectorate of China (Han - intermittent until Song)
- Defeated the Mongols // Khmers were strong but also defeated them (under Le Dynasty)
- Government: Confucian influence, merit system but still SEA in terms of political ties
- Drew strength from fervent nationalism against Chinese control

MAJAPAHIT (JAVA)

- Another Indonesian thalassocratic empire // expanded to modern-day Indonesian archipelago, Malaysia, Brunei, East Timor, Sulu archipelago, and Southern Thailand // one of the last major empires in the region // little physical evidence same with Srivijaya
- Nagarakertagama (old Javanese epic poem) // Gajah Mada as prime minister of Hayam Waruk + height of Majapahit rule
- Diplomacy founded on commercial ties // missions to China, Champa, Siam, Cambodia, and Southern Burma
- Government: largest empire in SEA // strong center, diffuse peripheries (cerimonial recognition of suzerainty) // cosmopolitanism // warfare advancements (keris dagger)

AYUDHA / AYUTTHAYA (SIAM/THAILAND)

- Biggest and wealthiest cities in the 15th century // vassal states in Malay Peninsula, Sukothai, and parts of Cambodia // Krung Tai or Tai Kingdom // strongest empire by the end of the 15th century having defeated Angkor
- Governance: patchwork of self-governing principalities and tributary provinces owing allegiance to the King of Ayutthaya // mandala or circle of power system // religious merit + lack of succession contributed to bloody transition
- Decline: failed to get Malacca (under Zheng He's protection; flourished into a regional entrepot) // fought to Nguyen VN for Cambodia + Burmese armies under Alaungpaya; chaos

CHAKRI (BANGKOK, THAILAND)

- After Ayutthaya was sacked by Burmese armies, disorder and confusion ensued
- New dynasty under Chakri emerged // located on the other side of Chao Phraya in Bangkok
- Protected them from Burmese raids // eventually became a major port when SEA entered the modern period
- Rules until present day // Mongkut; Chulalongkorn; Bhumibol Adulyadej

Political structures as fusion

- Fusion of religion and politics as basis for statecraft
- We also see an amalgamation of different religious practices to create a localized version // adaptation and syncretism
- Strong centers, stronger and multiple peripheries = a prelude to decentralization?
- The mandala as a central theme of leadership – cognatic kinship, indifference towards lineage descent, and has attached

significance to identifying personal achievement on each generation
- Historical experience: awareness of universal values, along with their outward looking disposition which warranted inclination to modernity

Political Dynamics (S. Errington)

BILATERAL COGNATIC KINSHIP: THE DOMINANT FACT OF LIFE AMONG THE NOBILITY WAS THE ATTRIBUTION, GENERATION, AND MAINTENANCE OF SOCIAL AND POLITICAL STATUS

- Hierarchical system of titles and ranks: visible expression of the underlying differences in degrees of potency
- The kingdom as entourage: followers of a certain nobility are a source of influence; people whom a noble could command and entrust with orders

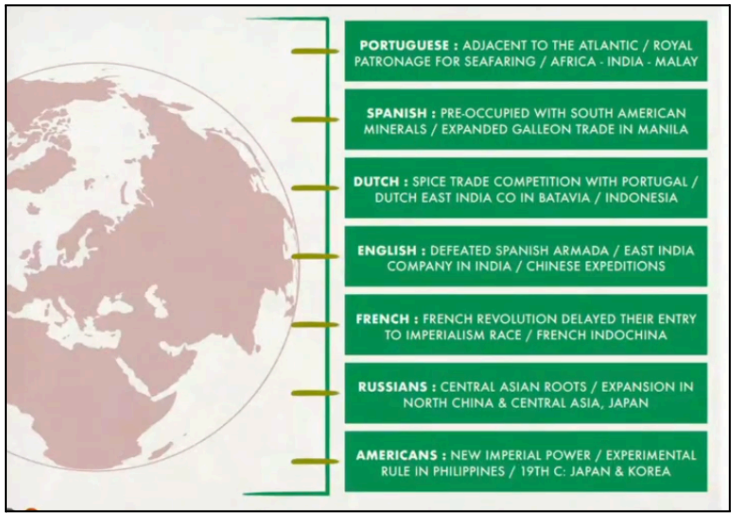
NAISSENG ONRONA: WHERE PEOPLE ARE LOCATED IN SPACE - IMAGE OF SOCIAL ORDER WHICH WAS ENACTED IN CEREMONY OR REPORTED IN TEXTS

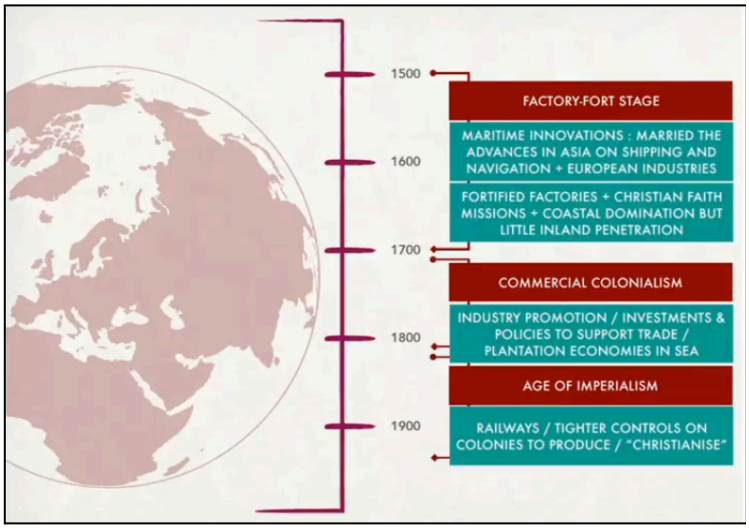
The West in Asia

- Started as trade and commercial ties (i.e., Silk Road, Galleon Trade, sea lane routes, spice trade) // Melaka and ports of India as commercial entrepots
- Increasing population in Europe + arms race + Industrial Revolution = spurred the expansion and imperialism in Asia and Africa

- Revised territorial boundaries // integrated economies // rise of nation-states

THE CLASSIC "GOD, GOLD, GLORY" THEME DROVE EUROPEAN IMPERIALISTS TO THE "ENDS OF THE EARTH"


PORTUGUESE : ADJACENT TO THE ATLANTIC / ROYAL PATRONAGE FOR SEAFARING / AFRICA - INDIA - MALAY
SPANISH : PRE-OCCUPIED WITH SOUTH AMERICAN MINERALS / EXPANDED GALLEON TRADE IN MANILA
DUTCH : SPICE TRADE COMPETITION WITH PORTUGAL / DUTCH EAST INDIA CO IN BATAVIA / INDONESIA
ENGLISH : DEFEATED SPANISH ARMADA / EAST INDIA COMPANY IN INDIA / CHINESE EXPEDITIONS
FRENCH : FRENCH REVOLUTION DELAYED THEIR ENTRY TO IMPERIALISM RACE / FRENCH INDOCHINA
RUSSIANS : CENTRAL ASIAN ROOTS / EXPANSION IN NORTH CHINA & CENTRAL ASIA, JAPAN
AMERICANS : NEW IMPERIAL POWER / EXPERIMENTAL RULE IN PHILIPPINES / 19TH C: JAPAN & KOREA


1500
FACTORY-FORT STAGE
1600
MARITIME INNOVATIONS : MARRIED THE ADVANCES IN ASIA ON SHIPPING AND NAVIGATION + EUROPEAN INDUSTRIES
FORTIFIED FACTORIES + CHRISTIAN FAITH MISSIONS + COASTAL DOMINATION BUT LITTLE INLAND PENETRATION
1700
COMMERCIAL COLONIALISM
1800
INDUSTRY PROMOTION / INVESTMENTS & POLICIES TO SUPPORT TRADE / PLANTATION ECONOMIES IN SEA
AGE OF IMPERIALISM
1900
RAILWAYS / TIGHTER CONTROLS ON COLONIES TO PRODUCE / "CHRISTIANISE"

IMPACT OF WESTERN TURNOVER

Integrated economies
- Trade and commercial ties led to more exchanges between East and West
- Factory-fort stage : firms as economic bases vs agricultural communities and artisan networks
- Empires as protectors of trade relations // civil wars and political unrest as hindrance to good business // Europeans saw the need to hire their own police and military forces
- European commercial representatives as overseers of Asian populace (rise of plantation

economies) // trade now state-sponsored (East Indies Companies / Galleon) and monitored

Revised territorial boundaries

- Colonial powers relied on coastal cities as base + found it hard to takeover inland territories // with the need to explore more for economic expansion, inland territories were also taken over // the need to subjugate the natives led to revised housing plans
- Grids and new city layouts // new boundaries to demarcate political control // Asians: porous borders vs Europeans: territorial jurisdiction

Nationalism and the rise of nation-states

- Territories as basis for jurisdiction and control
- Westphalian definition of a nation-state // Modernity: nation-states as political units
- Enlightment Period: allowed Asian literati to travel and learn about freedom and revolution // leaders of nationalist movements against colonial powers

WHAT IS "PARASITIC" ABOUT ALL THESE?

RICHNESS OF PUBLIC LIFE IN SEA COURTS

Examine precolonial public life in SE Asian courts. How did colonialism impact public life?

PROGRESSION OF COLONIAL LEGACY IN SEA

Return to the historical timelines and see how colonial rule was established in East and SE Asia. How was economic tools utilized and optimized to embed colonial rule in these territories?

Prosperity and colonial legacies (Acemoglu and Robinson)

- Nations develop differently and the degree and progression of their development is anchored on organizational conditions and socio-economic circumstances.
- "As long as the state and the institutions do not serve everyone but only an exploitative elite, it is very difficult to achieve economic development for the entire nation."
- Institutions – a set of formal and informal rules and mechanisms for coercing individuals to comply with rules that exist in society // inclusive vs extractive political and economic institutions

Inclusive institutions

- **INCLUSIVE ECONOMIC INSTITUTIONS** – protective of property rights (not just for the elites), no unjustified alienation of property, broad participation in economic relations towards profit, focus on labor productivity
- **INCLUSIVE POLITICAL INSTITUTIONS** – broad participation in governance and decision-making, foundations of liberal democracies; participative with mechanisms for deliberation and accountability building
- Inclusivity in economic activity is not possible without the presence of inclusive political institutions.

Extractive institutions

- **EXTRACTIVE ECONOMIC INSTITUTIONS** – minimal distribution of income from economic activities even in those where large parts of population participated; elite benefit most; slavery, serfdom, encomienda; no incentives to increase productivity and income
- **EXTRACTIVE POLITICAL INSTITUTIONS** – political power is narrow, not entirely authoritarian but democratic participation is tokenistic; unequal power; election as spectacle
- Extraction bleeds into economic and political life.

Some questions to wrap up our discussion:

- What makes Asian economies unique/ different and similar with Western, more advanced economies given Acemoglu and Robinson's thesis?

- Can we identify a break in colonial legacies relative to the economic and technological advancements observed in several Asian economies today?
- Which institutions, political and economic, should remain or be established to create more inclusive Asian economies?

CHANGING PATTERNS OF DEVELOPMENT PT.1

INTRODUCTION

Understanding the Changing East Asian Development Model

- Economic growth does not always remove everyday struggles.
- Many people still face rising living costs, unstable jobs, migration, and unequal opportunities.
- This shows that development is not always equally experienced by everyone in society.

To begin our discussion, let us first think about a simple but important reality. When we hear that a country or a region is experiencing economic growth, we usually assume that people's lives are also improving. We often connect growth with progress, better opportunities, and a higher standard of living. However, in reality, economic growth does not always mean that development is equally experienced by everyone in society.

Many people still continue to face everyday problems such as rising living costs, unstable sources of income, job insecurity, migration, and unequal access to opportunities. Even in places that are known for economic success, these struggles remain visible in the daily lives of ordinary people. This tells us that development cannot be understood only through economic data or growth statistics. It must also be understood in terms of how people actually experience change in their everyday lives.

This is an important starting point for our report because it reminds us that development is not simply about numbers. It is also about people, institutions, and the social realities that exist behind those numbers. So as we begin this discussion, we are not just asking whether an economy has grown, but also what kind of development has taken place, who has benefited from it, and how it continues to change over time.

East Asia as a Model of Development

- East Asia is often seen as one of the strongest models of successful development.
- Known for rapid industrialization, strong state involvement, and export-led growth.
- The region is often used as an example of how states can guide long-term economic transformation.

East Asia is often presented as one of the strongest and most successful examples of development in the modern world. When people talk about successful development models, East Asia is almost always included in that conversation. This is because the region became widely known for its rapid industrialization, its strong and active role of the state, and its export-led growth strategy. In a relatively short period of time, many East Asian economies were able to transform themselves from less developed economies into highly competitive and industrialized ones.

Because of this success, East Asia became an important reference point in development studies. Scholars, institutions, and policymakers often studied the region to understand how economic transformation became possible. The region was seen as proof that governments can play a major role in shaping development, guiding industries, and building long-term growth. In other words, East Asia was not just admired because it grew fast, but because its growth seemed to be guided by deliberate state action and strong institutions.

This idea is closely connected to what is often called the East Asian development model. This model is usually associated with strong governments, industrial planning, state support for selected industries, and a development strategy that focuses heavily on production and exports. Because of these features, East Asia came to be seen not only as a region of economic success, but also as a model that other countries might learn from.

At first glance, this seems like a very clear success story. It appears to show that with the right kind of state leadership and economic strategy, countries can achieve rapid and sustained development. But when we look more closely, especially through the readings assigned to us, we begin to see that the story is more complex than it first appears.

THE PROBLEM BEHIND THE SUCCESS

- The East Asian model is not as simple or fixed as it seems.

- Alongside growth, the region has also faced political change, democratic pressures, and new social demands.
- This raises an important question: If the model worked so well, why are people still demanding change?

Although East Asia is often celebrated for its success, the development model of the region is not as simple, fixed, or permanent as it may seem. The readings show that while East Asia experienced impressive economic growth, it also went through major political changes, democratic pressures, and new social demands. This means that development in the region cannot be explained only by economic policy or state planning. It is also shaped by politics, institutions, and the changing expectations of society.

This creates the main tension behind our discussion. If the East Asian model worked so well, then why are so many changes happening within it? Why do we see growing demands for political participation, inclusion, rights, and accountability? Why has the model itself become a subject of debate rather than simply a formula for success?

These questions are important because they help us avoid treating development as something static. Development is not a finished model that remains the same forever. Instead, it is a process that changes over time as societies themselves change. Economic growth may create new opportunities, but it can also create new inequalities, new expectations, and new pressures. As people become more educated, more politically aware, and more socially active, they begin to demand more from the state than just economic performance.

So the tension in the East Asian model is not just about whether it succeeded in the past. It is also about whether the same model can continue to respond to the political and social realities of the present. This is why our discussion is not only about growth, but also about transformation. We are looking at how a model that was once seen as highly effective is now being questioned, reshaped, and challenged by new conditions.

MAIN QUESTION OF THE REPORT

How is the East Asian development model changing, and what does this mean for Southeast Asia?

Supporting Points:

- Development is not only about growth rates.
- It is also shaped by politics, institutions, and lived experiences.
- Understanding change helps explain the region's development today.

Because of that, the central question of our report is this: How is the East Asian development model changing, and what does this mean for Southeast Asia?

This question is important because it pushes us to look beyond the traditional understanding of development. Usually, development is discussed in terms of economic indicators such as GDP, trade performance, industrial growth, or national competitiveness. While these are still important, they do not tell the whole story. Development is also shaped by institutions, political structures, social groups, and the lived experiences of ordinary people.

By asking how the East Asian model is changing, we are also asking what forces are driving that change. Is it political reform? Is it democratization? Is it pressure from the middle class? Is it the changing role of the state in a globalized economy? Or is it the growing gap between national development goals and the everyday realities of citizens?

The second part of the question, which focuses on Southeast Asia, is equally important. East Asia has often been seen as a model for the wider Asian region, including Southeast Asia. But if the East Asian development model is changing, then this has implications for how development is understood in Southeast Asia as well. It affects the way we think about the role of the state, the role of institutions, and the balance between economic growth and social demands.

So this is not only a historical question about East Asia's success. It is also a contemporary question about what development means today, and whether the old model is still sufficient for understanding the present realities of the region.

Framework: Everyday Political Economy

- Look at development beyond governments, policies, and statistics.
- Focuses on how development is experienced in everyday life.
- Includes work, mobility, insecurity, and social expectations.
- Helps connect national development with ordinary people's realities.

To analyze this question, our report uses the framework of Everyday Political Economy. This framework is important because it allows us to study development in a broader and more human-centered way. Instead of looking only at governments, policies, and statistics, Everyday Political Economy asks how development is experienced in everyday life.

This means looking at the ways people encounter development through work, income, insecurity, mobility, family responsibilities, social expectations, and access to opportunities. It reminds us that economic systems and political structures are not abstract things that exist far away from people's lives. They are experienced in daily routines, in personal struggles, and in the different ways people navigate economic and social change.

Using this framework helps us avoid a purely top-down understanding of development. A top-down view would focus mostly on what governments do, what institutions decide, or how macroeconomic indicators improve. While those things matter, they do not fully capture how development is lived from below. Everyday Political Economy allows us to connect national development strategies with the actual conditions faced by ordinary people.

This is especially useful for our discussion because the East Asian development model is often explained in very structural or state-centered terms. It is usually described through industrial policy, bureaucratic strength, export performance, and institutional effectiveness. But the framework we are using reminds us that these processes also affect and are affected by ordinary people. The success of a development model does not only depend on the state; it also depends on how people respond to it, how social groups organize around it, and how everyday pressures reshape the political and economic system.

In that sense, Everyday Political Economy helps us bridge the gap between large-scale development models and the lived realities of society. It gives us a more complete way of understanding not just how development happens, but how it is felt, challenged, and transformed in everyday life.

Main Argument

- Development in East and Southeast Asia is shifting from a purely state-led model.
- It is now shaped by political coalitions, democratization, global pressures, and everyday social demands.
- The East Asian model remains important, but it is evolving and being transformed by modern realities.

Based on this framework and on the readings assigned to us, our main argument is that development in East and Southeast Asia is no longer defined only by a purely state-led model. Instead, it is now shaped by a wider set of forces, including political coalitions, democratization, global pressures, and everyday social demands.

In other words, the East Asian model remains important, but it is no longer static. It is no longer something that can be treated as one fixed formula for development. The conditions that once supported this model have changed, and the societies shaped by this model have also changed. As a result, development in the region has become more contested, more dynamic, and more complex.

This argument is important because it helps us move beyond a simplified view of East Asia as merely a success story. Yes, the region achieved remarkable growth. Yes, the state played a central role. But the readings show that this is only part of the picture.

Development is also affected by who participates in politics, who benefits from growth, who is left behind, and what kinds of social demands emerge over time.

Democratization, for example, changes the relationship between the state and society. The rise of the middle class can create new expectations for participation and accountability. Global pressures can limit or reshape the ability of states to act in the same way they did before. And everyday social demands can challenge purely technocratic or state-centered approaches to development.

So rather than seeing development as a stable formula controlled only by the state, we argue that it should be understood as an ongoing and contested process. It is something that evolves in response to changing political, economic, and social conditions. This is the broader perspective that our report wants to emphasize.

WHAT THE READINGS SHOW

- The readings explain the foundations of East Asia's growth.
- They also show how the developmental model has been challenged and transformed over time.

- Together, they help us understand the changing politics of development in East and Southeast Asia.
- The economy is shaped by everyday decisions of individuals and households.
- Working, spending, saving, migrating.
- These daily actions influence economic outcomes at a larger scale.
- Economic development is not only driven by governments or markets.

The readings themselves help support this overall argument by showing different dimensions of the East Asian development experience. Although each reading has its own specific focus, together they build a larger picture of how development in East and Southeast Asia has been understood, debated, and transformed over time.

One reading helps explain the original success of the East Asian model and questions how that success has been interpreted. Another focuses on the political and institutional foundations of economic growth, especially in Southeast Asia. Another reading rethinks the idea of the developmental state and asks whether we need a different concept to explain how states act in the economy today. And another shows how democratization and the rise of new social groups, especially the middle class, have changed the developmental state itself.

Taken together, these readings do not simply celebrate East Asia's growth. Instead, they help us understand that development is deeply connected to politics, institutions, and society. They show that the East Asian model is not only about state-led growth, but also about the tensions, transformations, and pressures that come with that growth.

East Asia remains a powerful example in development studies, but its model is no longer fixed or uncontested. It is being transformed by political change, democratic pressures, social expectations, and the everyday realities of people's lives. And because of that, understanding the changing East Asian development model is also essential for understanding the future of Southeast Asia.

KEY IDEA

Big economic outcomes come from small, daily action. Households and firms respond to incentives, policies, and opportunities collective behavior shapes:

- Industrial growth
- Labor markets
- Investment patterns

HOW DEVELOPMENT HAPPENS

Development is not just state policy It depends on how people respond to policies.

- Firms invest (or not)
- Workers adapt skills
- Citizens support or resist policies

State effectiveness relies on cooperation with society.

APPLYING THE IDEA

WE USE EVERYDAY POLITICAL ECONOMY TO ANALYZE:

- States Guide Development (Amsden): Beyond "free markets, " states intervened to subsidize learning and force industrial competitiveness.
- Political Actors Shape Growth (Doner): Development depends on Inclusionary Institutionalism—the active cooperation between government and business associations.
- Citizens & Middle Class (He): Economic success creates a middle class that eventually demands democratization, shifting the state's power.
- Global Adaptation (Weiss & Thurbon): States stay relevant through Economic Statecraft, aligning domestic innovation with global security needs.

THE EAST ASIAN MODEL

- A development strategy where the government leads economic growth.
- The state guides, supports, and disciplines industries opposite of laissez-faire — the government does not stay out.
- Best seen in: south korea, taiwan, japan.

Simply put, it is a way of developing an economy where the government takes the lead. Hindi ito yung tipong bahala na ang market at ang mga businesses. Instead, the state actively decides which industries should grow, gives them financial support, and makes sure they perform.

Think of it like a scholarship — the government gives firms support and protection, but may katumbas na responsibilidad — you have to deliver results and reach performance targets, or the support stops. This approach is called the developmental state.

Now, this directly challenges Laissez-Faire — the idea associated with Adam Smith that the best thing a government can do is stay out of the economy and let the market decide.

But sinasabi ni Amsden — mali iyon. Free markets alone cannot explain the success of East Asian Countries. They succeeded because the governments were deeply involved — they set targets, gave subsidies, and held firms accountable. And the result? Rapid industrialization and economic growth the world had not seen before. This is the model we are going to unpack through two scholars — Amsden and Doner, which will say about HOW and WHY it worked".

AMSDEN — THE STATE THAT INVESTED IN LEARNING

- Growth came from government-disciplined firms, not free markets.
- State tools: subsidized loans, import protection, export targets.
- Core idea: help firms learn and improve productivity.
- Growth was not a miracle — it was intentionally built.

"Alice Amsden challenges a common explanation for East Asia's success. The World Bank argued that East Asia grew because of free market principles — magandang presyo, bukas na ekonomiya, at konting pakialam ng gobyerno. But Amsden says this is wrong. What actually drove growth was a strong state that intervened deeply — giving firms subsidies, low-cost loans, protecting them from foreign competition, and setting clear targets they had to meet. It was not the free market doing the work. It was the government deliberately engineering the conditions for growth.

Her most important insight is about learning versus cutting wages. South Korea and Taiwan had two choices — either cut wages to make their products cheaper, or invest in making firms more productive and workers more skilled. And the developmental state chose the second. Sinuportahan ng gobyerno ang mga negosyo para matuto at mag-improve — hindi sa pagpapababa ng sweldo, kundi sa pag-invest sa kakayahan ng mga tao. That is what Amsden means when she says East Asia subsidized learning. And that deliberate choice is what made their growth real and long-term."

DONER — GROWTH NEEDS THE RIGHT POLITICS

- Development is not just economic — it is also political.
- Growth required coalitions: alliances between state, businesses, and elites.
- Without stable political cooperation, development breaks down.
- Explains why southeast asian countries had uneven outcomes.

"If Amsden explains what the state did, Doner explains how the government became capable of doing it in the first place. His argument is that development is not purely about economics — it is deeply political. Para maging epektibo ang estado sa pagdidirekta ng ekonomiya, kailangan nito ng tamang political na pundasyon. Doner argues that growth depended on coalitions/cooperation — stable alliances between the state, businesses, and powerful elites. Only when these groups worked together toward a shared goal could the government implement long-term development plans.

This is why Doner focuses on Southeast Asia — because the region shows us what happens when those coalitions are weak or unstable. Hindi lahat ng bansa sa Southeast Asia ay nagkaroon ng parehong tagumpay. The Philippines, Indonesia, Thailand — we all had different political arrangements, and those differences produced very different economic outcomes. Doner's point is clear: you cannot just copy South Korea's policies and expect the same results. You have to build the right political institutions and alliances first. Development is not just about getting the economics right — it is about getting the politics right first."

DEVELOPMENT IS BOTH ECONOMIC AND POLITICAL

- Development = strong institutions + political cooperation.
- Workers and firms responded to, adapted to, and pushed back on state policies.
- Everyday decisions of people are part of the development story.
- This connects to our framework: everyday political economy.

"When we put Amsden and Doner together, a much fuller picture emerges. Development in East Asia was successful because of two things working at the same time — a strong, interventionist government as Amsden describes, and stable political coalitions that gave that government the capacity to act as Doner explains. Isa't isa silang nagpapalakas. Without strong systems, the government

cannot guide the economy. Without political cooperation, those systems cannot be built. Together, they created the conditions for rapid industrial growth.

But even in this top-down, government-led model, ordinary people were not just passive receivers. Ang mga manggagawa, mga pamilya, at mga negosyante ay nag-rerespond, nag-adapt, at minsan ay lumalaban. When workers feel exploited, they migrate — parang ang OFW culture natin, where people leave because the system is not working for them. When firms misuse government support, development hollows out. And when coalitions become corrupted, the government loses its ability to discipline — take South Korea, where the very chaebol or conglomerates that once drove the growth became so powerful that they started influencing the government instead, which is the opposite of how the developmental government was supposed to work. (That will be discussed further later on.) Overall, Development is not only built in government offices. It is built — and sometimes broken — in the everyday lives of people. And that is the lens we carry through this entire presentation."

WHY THE MODEL IS NOT UNIVERSAL

The illusion of copying

- policies can be copied
- outcomes cannot be copied easily
- Why? because context matters

Upon reading the materials assigned to us, it was proven that many countries have tried to imitate successful models. Many countries try to replicate successful policies like industrial support or export strategies. But the article warns that the developmental state has become "unmoored from its theoretical and historical grounding." This means it is often used without understanding the real conditions behind it. The problem is that policies do not work in isolation. The same strategy can lead to very different results depending on a country's institutions, political system, and goals. So, development is not just about copying what worked elsewhere. It is about understanding why it worked in the first place.

Amsden's on why strong institutions matter

- Ability to discipline firms
- Monitor performance
- Reward success, punish failure

So, according to Alice Amsden, successful development depends on strong institutions. In developmental states, governments do not just support firms, they discipline them. This aligns with our readings that emphasize that states must act "proactively and with some consistency" in shaping economic outcomes. Without this kind of discipline and capacity, government support becomes weak and policies lose their impact.

Why discipline matters

- Prevents corruption and inefficiency
- Ensures firms improve competitiveness
- Links support to performance

In successful cases like South Korea, support was tied to performance. This reflects what is described as goal-oriented state action, where governments shape "the technological direction within the environment." Without discipline, support becomes wasteful and firms fail to improve.

Political conditions shape development (Doner)

- Need stable coalitions
- Long-term commitment
- Avoid short-term political pressures

Richard Doner argues that development depends on political conditions. He emphasizes that successful development requires stable coalitions that can support long-term strategies, even when policies are costly or unpopular in the short run. This connects with the idea that "state–society relations" and domestic structures shape what the state is able to do. Without stable political support, governments struggle to maintain consistent policies, and development strategies become fragmented or short-lived.

Why politics matter

- Conflicts among elites
- Short-term decision-making
- Weak support for reform

The articles emphasize that state action depends on "domestic enablers" and political context. If elites are divided or political systems are unstable, policies will not be consistent. This explains why the same strategies succeed in some countries but fail in others.

Key insight: development is not just about copying policies

- Depends on institutions
- Depends on power structure
- Depends on context

The key insight is captured clearly by Weiss and Thurbon (2020): we must understand "the differential international drivers, state ambitions and state-society relations." Development is not universal because it depends on how these factors interact in each country.

What happened in SEA

- Different institutions
- Different political systems
- Different state capacities

This explains why Southeast Asian countries have varied outcomes. In practice, Southeast Asian countries differ in three important ways: their institutions, their political systems, and their state capacity. Some states are able to coordinate closely with firms, enforce discipline, and sustain long-term industrial strategies. Others face weaker institutions or unstable political coalitions, which makes consistent policy implementation more difficult. So even though many countries in the region pursue similar development goals, their outcomes diverge because their internal conditions are not the same. This reinforces our main point: development is not a one-size-fits-all model—it depends on how each state is structured and what it is capable of doing.

Different realities → different paths

- No one-size-fits-all model
- Context shapes success
- State role varies by country

Context matters: different countries have different "drivers, ambitions and activities." This means that everyday realities, political, economic, and social, shape development paths. The developmental state model is not universal. As the authors argue, we need better tools like "economic statecraft" to understand how states actually operate. Success depends on context, not just policy design.

WHAT IS CHANGING NOW?

Development model is no longer the same

- Demands: transparency, welfare, participation
- Rise of the middle class (He, 2021)
- State power is now limited

Basically, hindi na pareho yung development model today compared before. Dati kasi, especially in East Asia, state-led talaga—meaning, malakas ang control ng government sa economy, and sila talaga yung nagdidirect ng growth with very little resistance from society. Pero ngayon, nagbabago na 'to.

According to He (2020), one of the biggest reasons is the rise of the middle class (pp. 1–2). Habang nagde-develop ang economy, mas maraming tao ang nagiging educated, financially stable, at politically aware. Because of this, mas demanding na sila.

They now ask for:

- *Transparency*
- *better welfare*
- *and participation sa decision-making*

So dahil dito, napepressure ang government. Unlike before, hindi na sila pwedeng mag-decide freely. Their power is now limited by society and political participation, especially after democratic transitions (p. 5–6). At the same time, hindi lang domestic factors ang nagbabago.

- SHIFT TO ECONOMIC STATECRAFT (WEISS & THURBON, 2021)
- Flexible, adaptive strategies

As explained by Weiss and Thurbon (2021), states today are shifting into economic statecraft—meaning:

- *mas flexible na sila*
- *mas adaptive*
- *and nag-aadjust based on global competition*

So if we combine everything:

- *Development today is no longer purely controlled by the state*

It is now shaped by:

- *global forces*
- *and domestic pressures, especially from the middle class*

So overall, we can say na:
From a controlled system before, development is now more dynamic and negotiated.

DEVELOPMENT IS NOW BY:

- Global forces
- Domestic pressures

Development today is shaped by multiple actors.
First, the middle class.
Unahin natin yung middle class. According to He (2020), sila yung nagiging major force ngayon because they push for:

- *political reforms*
- *better governance*
- *and social protection*

So dahil dito, napipilitan na ang government makinig sa citizens. Hindi na pwedeng puro economic growth lang—kailangan i-consider din yung demands ng tao.

Second, global markets
Next, we have global markets. As explained by Weiss and Thurbon, countries today need to:

- *compete globally*
- *attract foreign investments*
- *and adapt sa international economy*

So meaning:
Hindi na local lang ang influence sa development—global na rin.

Third, political coalitions Even before, importante na yung relationship between:

- *Government*
- *Businesses*
- *and elites*

Pero ngayon, mas complex na siya at mas contested.

- *Hindi na automatic cooperation—*
- *mas maraming negotiation and conflict involved.*

WHO SHAPES DEVELOPMENT NOW?

State is no longer dominant
Development = negotiation

Key Actors

- Middle class (He)
- Global markets (Weiss & Thurbon)
- Political coalitions (Doner)

Development is shaped by multiple actors, and jobs, wages, and cost of living matter in everyday political economy.

CRITICAL ANALYSIS

MURDOCH SCHOOL

- Explaining democratization - Economic development produces a middle class that pushes for political inclusion and accountability.
- Highlights role of social conflict - Political change comes from competition between classes, not automatic progress.
- Shows limits of the developmental state - As new groups gain influence, the state faces policy constraints and reduced control over the economy.
- Links growth to inequality - Benefits of development are uneven because different groups have unequal power.
- Bridges politics and economics - Development is shaped by interactions between institutions, class interests, and global forces.

The Murdoch School helps explain democratization by showing how economic development creates a growing middle class that pushes for political inclusion, accountability, and expanded rights. Rather than seeing political change as automatic, it emphasizes the role of social conflict, where different classes compete over power and influence. This perspective also highlights the limits of the developmental state, as the rise of new social actors introduces policy constraints and reduces the state's ability to control the economy.

At the same time, the Murdoch School links economic growth to inequality by showing that the benefits of development are unevenly distributed, since different groups have unequal power to shape outcomes. It also bridges politics and economics by demonstrating that development is not purely economic, but is shaped by the interaction of institutions, class interests, and global forces.

WHO BENEFITS FROM THESE CHANGES?

Middle class (Main political beneficiary)

They gain political rights and participation (elections, freedom of expression). Their interests are protected because democratic systems must respond to voters. They become an influential force shaping national policies. It gives the middle class greater control over the political system, which was previously dominated by authoritarian elites.

The middle class is the main political beneficiary of development-driven change, as it both drives and gains from democratization. As economic growth expands this group, its democratic mobilization pressures ruling elites to shift from authoritarian rule toward more democratic systems. Through this transition, the middle class gains greater political rights, including participation in elections and freedom of expression, while its interests become more protected because democratic governments must respond to voters. Over time, it becomes an influential force in shaping national policies and decision-making. This ultimately gives the middle class greater control over the political system, replacing the dominance of authoritarian elites with a system more responsive to its demands.

Business Elites (Greater economic influence)

Businesses can lobby policymakers more freely. They gain direct influence over economic policies. The government becomes more dependent on them for financial and political support. Business elites shift from being managed by the state to becoming active partners (and sometimes constraints) in policymaking.

Business elites gain greater economic influence as development and democratization reshape the political system. With more open and competitive environments, they are better able to lobby the government, shape policies, and secure favorable regulations that support their interests. As democratic systems rely on funding and economic performance, political leaders often depend on business support, increasing the influence of these elites in decision-making. This allows them to protect and expand their economic position while playing a key role in guiding national economic strategies.

Workers and labor groups (Stronger voice and protection)

They can form independent unions. They can demand better wages, rights, and working conditions. They gain access to political channels to defend their interests. Previously suppressed under authoritarian systems, labor becomes a recognized political and economic actor.

Labor also gains a stronger voice as political systems become more open. Workers are able to form independent unions, demand better wages, rights, and working conditions, and access political channels to defend their interests. Unlike under authoritarian systems where they were often suppressed, labor became a recognized political and economic actor with the ability to influence policies and negotiations.

Ruling Elites (Conditional benefits)

By allowing democratization, they can retain power through legitimacy rather than repression. Sharing power helps them avoid losing control entirely when pressure from society becomes too strong. They gain long-term political survival.

Ruling elites also benefit from these changes, but in a more limited and strategic way. By allowing democratization, they can shift from relying on repression to gaining legitimacy through elections and public support. Sharing power helps them manage growing pressure from society and avoid losing control entirely. In this way, democratization becomes a strategy that allows ruling elites to maintain influence and secure their long-term political survival.

DOES THE MIDDLE CLASS REPRESENT EVERYONE?

The middle class does not represent everyone's interests equally

- It mainly reflects the concerns of economically secure and educated groups, not the poorest sectors.
- Its priorities often focus on political rights, stability, and governance, rather than redistribution.

"Middle-class demands may improve governance but not always address poverty"

- It may align with business elites to protect property and economic interests.
- It can exclude or overlook working-class and marginalized groups.
- Democratic demands from the middle class may improve accountability but not reduce inequality.
- The middle class may even resist policies that threaten its own economic position, such as wealth redistribution.

The middle class does not represent everyone's interests equally. While it plays an important role in pushing for democratic reforms, it mainly reflects the concerns of economically secure and educated groups rather than the poorest sectors of society. Its priorities tend to focus on political rights, stability, and better governance, rather than redistribution or poverty reduction.

"Middle-class demands may improve governance but not always address poverty" means that while the middle class often pushes for reforms like transparency, accountability, and stronger institutions, these efforts mainly reflect their own interests—such as stability and protection of property—rather than the needs of the poorest groups. As a result, governance can become more effective, but policies aimed at reducing poverty and inequality are not always prioritized or fully achieved; the middle class may even align with business elites to protect property rights and economic interests, which can limit efforts to address inequality.

SYNTHESIS

The Foundations of Development

THEORETICAL PILLAR: THE STATE AND POLITICS

Amsden: The Disciplinarian State Development as a "Scholarship":

- Support is tied to performance.
- State-led industrialization through "learning" and productivity.

Doner: The Political Foundation

- Growth requires stable coalitions (State + Business + Elites).
- Capacity depends on political alliances, not just policy desiign.

Think of the government as a scholarship provider: it gave firms support and protection, but with a catch—they had to perform or the support stopped. But Richard Doner adds a vital piece of information from our readings: this only works if the politics are right. A state can only be a 'disciplinarian' if it has stable alliances—or coalitions; between the government and the elites. This is exactly why many countries struggle to copy this model. It's not just about passing the right laws; it's about having the political foundation to actually enforce them. Without that stability, development strategies often become fragmented or short-lived.

The Transformation

He: Social Pressures from the Middle Class

- Success creates a secure middle class that demands transparency.
- Shift from authoritarian control to democratic mobilization.

Weiss & Thurbon: Global Adaptation

- Transition to "Economic Statecraft. "
- Flexible, adaptive strategies to survive international competition

However, the model eventually becomes a victim of its own success. Baogang He identifies a fascinating shift: as the economy grows, it creates a rising middle class. These aren't just consumers; they are politically aware citizens who demand transparency and better welfare. This social pressure acts as a check on the state, meaning the government can no longer just 'command' the economy like it used to.

At the same time, the world has changed. Weiss and Thurbon argue that states have moved toward 'economic statecraft.' This means instead of following a rigid, 20-year internal blueprint, governments now have to be flexible and adaptive to survive global competition. The state is no longer a lone pilot; it has to be a negotiator that responds to both its people and the global market.

Core Takeaway

FROM CONTROL TO NEGOTIATION SYNTHESIS

The Pilot State is over: Development is no longer a top-down command.

1.Everyday Political Economy (EPE):
2.National outcomes are shaped by household decisions.

- Negotiation happens at the dinner table (Migration, Debt, Consumption).
- Shared and Contested: Power is now split between the state, society, and global forces.

Development has shifted from control to negotiation. In the classic model, the state was fully in control. Today, development is a 'shared and contested' process. We see this most clearly through the lens of Everyday Political Economy. When a family in the Philippines decides to send a member abroad to work, or when households in Indonesia take on debt to manage rising costs, they are negotiating with the state's economic policies. They are making personal decisions that, on a large scale, reshape the entire country's development path. Development isn't just something that happens 'out there' in a policy paper; it's something that people are actively negotiating in their everyday lives.

The Human Economy

- Beyond Statistics: Growth without security is just survival.
- The New Reality: Development is negotiated from below, not just planned from above.
- The economy is not just built by governments; it is shaped in everyday life.

APPLICATION

WHY THE EAST ASIAN MODEL DOESN'T FIT

- Requires strong state capacity
- Needs stable political coalitions
- Not easily transferable

CHANGING PATTERNS OF DEVELOPMENT

- Shift from state-led → adaptive strategies
- Influence of global pressures
- Rising role of middle class

DEVELOPMENT IS NOT JUST BEING COPIED— IT IS BEING TRANSFORMED.

PHILIPPINES AND SOUTHEAST ASIA TODAY

- Rising costs, stagnant wages
- Limited social protection
- Uneven development

GROWTH WITHOUT SECURITY IS NOT DEVELOPMENT—IT IS JUST SURVIVAL.

DEVELOPMENT IS UNEVEN

- Indonesia – labor protests
- Vietnam – growth vs wages gap

DEVELOPMENT IS NOW CONTESTED

- Middle class demands change
- Households adapt (loans, migration)
- State responds, not controls

WHEN THE MIDDLE CLASS FEELS SQUEEZED, DEVELOPMENT STOPS BEING ACCEPTED —AND STARTS BEING QUESTIONED.

FROM TOP-DOWN TO EVERYDAY DEVELOPMENT

- Everyday Political Economy
- Everyday decisions shape outcomes
- Development is negotiated

DEVELOPMENT IS NO LONGER JUST PLANNED FROM ABOVE—IT IS NEGOTIATED FROM BELOW.

VARIETIES OF STATE-LED DEVELOPMENT AND MARKET TRANSITIONS

Where did it all start?

- **The Catalyst:** the transition wasn't just a choice but a necessity. The "institutional fundamentalism" of old socialist models could not survive the withdrawal of Soviet aid (Beresford, 2208)
- **The Pull of East Asia:** Countries looked at the "East Asian Miracle" (Japan, South Korea, Taiwan) as proof that a strong state could coexist with a booming market (Carroll et al., 2020)
- **Globalization:** Hyperglobalization pressured these states to open up or risk being left behind economically (Hughes, 2020)

Ayon kay Beresford, ang transition na naganap sa mga bansang ito is not out of choice, but is actually driven by necessity. Ang mga bansa tulad ng Cambodia, Laos, Myanmar, at Vietnam na nagmula sa state socialism ay napilitan magtransition dahil sa internal crisis sa kanilang bansa.

It is because noong nawala ang tulong mula sa Soviet Union, hindi na kinaya ng mga lumang socialist systems ang sarili nilang ekonomiya, kaya napilitan silang maghanap ng bagong approach. (Insert yung sa case ng vietnam before doi moi reforms).

Kasabay nito, nakita nila ang success ng mga East Asian countries tulad ng Japan, South Korea, at Taiwan o ang tinatawag na "East Asian Miracle", na nagpapakita na pwede palang pagsabayin ang strong government at market economy. Hindi kailangan na fully tanggalin ang government control para maging successful ang isang bansa. (P. 2, P.3 (ex),).

Bukod pa rito ay nakadagdag sa pressure ang globalisasyon, lalo na noong panahon ng hyperglobalization, kailangan nilang magbukas sa global market kung ayaw nilang mapag-iwanan.

Singapore's Developmental State

- **The Institutional Model:** Singapore is the "gold standard" of the developmental state in the region. It used a highly professional, meritocratic bureaucracy to manage rapid industrialization (Myo Tun, 2011)
- **State-Led, Market-Driven:** While the state owned many companies (GLCs), it forced them to compete globally, ensuring they stayed efficient rather than becoming "lazy" monopolies (Haque, 2004)

Ang Singapore ay ang itinuturing na gold standard ng developmental state sa Southeast Asia. Ang pinaka-core ng success nila ay ang pagkakaroon ng highly professional at meritocratic bureaucracy. Ibig sabihin, ang government nila ay hindi nakabase sa personal connection o patronage dahil binubuo ito ng skilled at qualified individuals na talagang kayang magplano at mag-implement ng policies effectively. (P. 9, 11)

Bukod sa ron, hindi lang sila basta state-led, kung hindi ay market driven rin sila. Kahit maraming government-linked companies, pinipilit pa rin ang mga ito na makipag-compete globally. Hindi sila hinayaang maging inefficient monopolies. Sa halip, ginamit ng state ang market para ma-achieve ang national development

goals. So sa Singapore, makikita natin ang balance kung saan ang state ay hindi nagwi-withdraw, kundi actively nagga-guide ng market para sa long-term development. (P. 10, Temasak and other companies operating commercially, P. 13)

Indonesia's New Order

- **The Technocratic Edge:** "Berkeley Mafia." - These were the experts Suharto empowered to stabilize the economy
- **Insulation:** The key to their success was that the military protected these technocrats from political interference, allowing "rational" economic logic to prevail (Myo Tun, 2011)
- Suharto's "New Order" regime successfully combined military dominance with civilian expertise. The state steered development by empowering highly educated, foreign-trained economic technocrats, granting them the professional autonomy to craft rational, long-term economic policies.

Sa Indonesia naman under Suharto, ang naging key factor ng success nila ay ang paggamit ng technocrats, na kilala bilang "Berkeley Mafia." Sila ay mga highly educated economists, kadalasan trained abroad, na binigyan ng autonomy para mag-design ng economic policies. (P. 17, 18)

Importante dito ang concept ng insulation na kung saan pinrotektahan sila ng military mula sa political interference. Dahil dito, it allows them to focus sa paggawa ng rational at long-term development strategies.

Ang system nila ay isang kombinasyon ng military dominance at civilian expertise. Ang military ang nag-maintain ng political stability, habang ang technocrats naman ang nag-handle ng economic planning. Dahil sa ganitong setup, naging successful ang Indonesia sa pag-achieve ng sustained economic growth, kahit may underlying issues tulad ng crony capitalism. (19)

The CLMV Countries (Cambodia, Laos, Myanmar, Vietnam)

- **The Latecomers:** These countries faced a harder transition because they entered the global market during "Hyperglobalization," where competition was much more intense than it was for Singapore or Indonesia in the 70s (Hughes, 2020)
- **State Capacity Gap:** Unlike Singapore, these states struggled with low bureaucratic capacity, making it harder to "steer" the market effectively

Pagdating naman sa CLMV countries na binubuo ng Cambodia, Laos, Myanmar, at Vietnam. Mas mahirap ang naging transition nila dahil sila ay latecomers. Ibig sabihin, pumasok sila sa global market sa panahon na mas intense na ang competition, dahil sa hyperglobalization. Hindi tulad ng Singapore at Indonesia noong earlier decades, mas saturated na ang global economy.

Isa pang malaking problema ay ang kakulangan sa state capacity. Mahina ang bureaucracy ng mga bansang ito kumpara sa Singapore, kaya nahirapan silang i-guide ang market effectively. Kahit gustuhin nilang i-adopt ang developmental state model, hindi sapat ang institutional strength nila para ma-implement ito nang maayos.

Vietnam's Doi Moi

- **The Goal:** Moving from "Central Planning" (where the state decides everything) to "State Guidance" (where the state sets the goals, but the market does the work) (Beresford, 2008)
    - *Under the Doi Moi framework, Vietnam's model of "market socialism" is officially defined as a **"socialist market economy under state guidance".** This model represents an attempt to move away from Soviet-style central planning while maintaining socialist objectives through a state-led development strategy.*
- **The SOE Role:** State-Owned Enterprises were meant to be the "pillars" of the economy, but they struggled due to a lack of state investment and the rising power of foreign investors (Beresford, 2008).

Sa Vietnam, ang transition nila ay formalized sa ilalim ng Doi Moi reforms. Ang main goal nito ay lumipat mula sa central planning, kung saan ang state ang nagdedesisyon ng lahat, papunta sa state guidance, kung saan ang state ang nagse-set ng direction pero ang market ang gumagawa ng actual economic activity.

Under this framework, ang system nila ay tinatawag na "socialist market economy under state guidance." Ibig sabihin, pinagsasama nila ang market mechanisms at socialist objectives.

Ang state ay nananatiling dominant, lalo na sa "commanding heights" ng economy, gamit ang State-Owned Enterprises o SOEs. In theory, ang SOEs ang dapat mag-lead ng industrialization at modernization. Pero sa reality, maraming problema ang lumabas tulad ng maraming SOEs ang outdated, kulang sa investment, at nahirapang makipag-compete sa foreign investors. Kaya kahit successful ang Vietnam in terms of growth, may structural challenges pa rin sa loob ng system.

Myanmar's Developmental State

- **The role of the military:** The military attempted to replicate Indonesia's "dual function" of managing both security and economic development. However, the military was intensely hierarchical and deeply distrusted

civilian experts. By keeping decision-making entirely centralized and marginalizing its bureaucrats, the state's attempt to steer the economy resulted in irrational planning and low capacity

- **Why it Failed:** Because there was no "embedded autonomy"—the military was "embedded" in the economy for their own profit but lacked the "autonomy" to make professional, unbiased economic decisions (Myo Tun, 2011)

Sa Myanmar naman, tinangka nilang i-replicate ang Indonesia's model, lalo na yung kombinasyon ng military at economic development. Ginamit ng military ang sarili nila hindi lang para sa security kundi pati sa economic management. Pero ang naging problema ay sobrang centralized at hierarchical ang system nila. Hindi sila nagtitiwala sa civilian experts, kaya hindi nabigyan ng sapat na role ang technocrats. Dahil dito, naging irrational at inefficient ang economic planning.

Ang pinaka-critical na concept dito ay ang kawalan ng "embedded autonomy." Oo, involved ang military sa economy, pero hindi sila autonomous in a professional sense dahil mas focused sila sa sariling interest kaysa sa national development. Kaya hindi naging successful ang attempt nila na maging developmental state.

Cambodia's Market Economy

- **The Transition from Conflict:** Following years of war, Cambodia's transition was defined by a rapid sell-off of state assets.
- **Elite Alliances:** Instead of a professional bureaucracy, development was driven by "concessions" given to powerful tycoons and military figures in exchange for political loyalty (Hughes, 2020).

Sa Cambodia, ang transition nila ay heavily shaped ng post-conflict situation. Matapos ang years of war, nagkaroon ng rapid privatization kung saan maraming state assets ang ibinenta. Pero imbes na magkaroon ng strong institutions, ang naging driver ng development ay elite alliances. Ibig sabihin, ang economic opportunities ay ibinibigay sa mga powerful tycoons at military figures kapalit ng political loyalty. So imbes na professional bureaucracy ang nag-guide ng development, naging patronage-based ang system. Ang resulta ay isang market economy na heavily influenced ng political connections at elite control.

Laos' Market Economy

- **The Land-Linked Strategy:** Small and landlocked, Laos turned to its natural resources (hydropower and minerals) to drive growth
- **Transnational Dependency:** The state became heavily dependent on foreign networks—especially from China and Thailand—to build the infrastructure it couldn't afford on its own (Hughes, 2020)

Sa Cambodia, ang transition nila ay heavily shaped ng post-conflict situation. Matapos ang years of war, nagkaroon ng rapid privatization kung saan maraming state assets ang ibinenta. Pero imbes na magkaroon ng strong institutions, ang naging driver ng development ay elite alliances. Ibig sabihin, ang economic opportunities ay ibinibigay sa mga powerful tycoons at military figures kapalit ng political loyalty. So imbes na professional bureaucracy ang nag-guide ng development, naging patronage-based ang system. Ang resulta ay isang market economy na heavily influenced ng political connections at elite control.

CLMV (Cambodia, Laos, Myanmar, Vietnam)

"For these four countries, the transition is a story of 'Uneven Development'—where the economy grows, but the benefits often stay at the top or go to foreign investors."

Overall, ang experience ng CLMV countries ay nagpapakita ng tinatawag na "uneven development." Totoo na nagkaroon ng economic growth dahil sa market transition, pero hindi pantay ang distribution ng benefits. Kadalasan, ang mga nakikinabang ay ang elites, state-linked actors, at foreign investors. Samantalang ang majority ng population, lalo na sa rural areas, ay naiiwan o nahihirapan. So kahit successful ang transition in terms of macroeconomic indicators, may malaking issue pagdating sa equity at inclusivity ng development.

BUREAUCRATIC AND TECHNOCRATIC GOVERNANCE

Defining Embedded Autonomy

- **Autonomy:** The independence to pursue long-term national goals (e.g., industrialization) without succumbing to "particularistic interests" or corruption.
- **Embeddedness:** The importance of being "closely tied to society" through formal and informal networks to gather information and ensure policy cooperation.
- **Embedded Autonomy**
    - Successful state-led development requires a bureaucracy that is "embedded" in the private sector to coordinate development, but retains enough "autonomy" from private interests to enforce national goals rather than succumbing to corruption
    - Without Autonomy, the state is captured by cronyism. Without Embeddedness, the state is an island—powerful but clueless about market realities.

First, let's define Autonomy. Autonomy is the state's independence from society and its ability to pursue long-term national goals like industrialisation that is not influenced by personal ties or corruption, and is capable of consistent policy implementation.

Next is Embeddedness. This refers to the state's close and structured connections with the private sector. This allows the government to access relevant market information and ensure businesses cooperate with national policies.

The goal of this balance is to create a state that is integrated enough into society to be effective, yet independent enough to implement goals without being 'captured' by private interests.

Without balance, the state faces two risks:

● Without autonomy (Captured State): The government is controlled by powerful groups, leading to favoritism and decisions based on connections, not merit. This risk can be seen in countries like Vietnam and Myanmar.
● Without embeddedness (Island State): The government becomes isolated—strong in authority, but disconnected from the market, making poor and uncoordinated decisions.

In sum, embedded autonomy allows the state to work closely with businesses while staying independent, ensuring clear direction and long-term national success.

Indonesia Vs Myanmar

Indonesia Under Suhatro (The Technocratic Model)

- **Empowerment of the "Berkeley Mafia":** Highly educated, foreign-trained technocrats were given the authority to stabilize the economy and implement rational policies.
- **Result:** Successful integration of economic rationality within the state apparatus, leading to sustained growth.
    - **Key Takeaway:** Suharto's 'Berkeley Mafia' proved that when you give highly educated technocrats the power to make rational economic decisions, you create stability and growth.

Under President Suharto, Indonesia adopted a technocratic model. A defining feature of this regime was the empowerment of the 'Berkeley Mafia'—a group of highly educated, foreign-trained economic technocrats who were given the authority to stabilise the economy and implement rational policies.

Suharto provided these thinkers with professional autonomy, allowing them to formulate strategies based on economic rationality rather than political ideology. By successfully integrating this rationality into the state apparatus, Indonesia was transformed from an agrarian economy into a 'newly industrialising economy,' achieving a sustained average annual GDP growth of 7% between 1965 and 1997.

The key takeaway here is that when a leader empowers thinkers to make data-driven decisions, it creates a powerful developmental engine.

Myanmar (The Centralized Military Model)

- **Military Marginalization:** Contrast the Indonesian model with Myanmar's heavy centralization, where the military (Tatmadaw) dominated the State Peace and Development Council (SPDC).
- **The Stifling of Rationality:** Civilian bureaucrats were marginalized, leading to a "top-down" approach that prioritized regime survival and military interests over rational economic planning.
    - **Consequence:** The "rationalizing" capacity of the bureaucracy was severely hampered compared to its regional neighbors.

In contrast, Myanmar followed a highly centralized military system. The Tatmadaw controlled decision-making and used a strict top-down approach, leaving little role for civilian officials.

Unlike Indonesia, which trusted its experts, Myanmar's leaders were wary of civilian knowledge, limiting new ideas. Officials feared making mistakes, so even small decisions were pushed to higher authorities, causing delays and inefficiency. Without expert input, policies in Myanmar were often poorly planned. For example, the government pushed large-scale planting of physic nuts for fuel without consulting specialists, which failed. As a result, its ability to make sound economic decisions lagged behind its regional neighbors.

The Contrast: The difference is clear: Indonesia empowered experts, while Myanmar relied on strict military control. Indonesia achieved strong economic growth and legitimacy through performance, while Myanmar focused on maintaining control, which limited effective development.

The Singaporean Model: The "Neo-Managerial" State

- **Business-Oriented Administrative Reforms:**
    - The transition from traditional bureaucracy to "New Public Management" (NPM) principles (Haque).
    - Introduction of market-driven policies and neoliberal assumptions into the public service.
- **Financial and Managerial Autonomy:**
    - The "Executive Agency" Concept: Creating autonomous units (statutory boards) that operate with significant independence from central ministries.
    - Operating Like Private Enterprises: Implementing "market-friendly" norms such as competitive salaries, performance-based rewards, and the

"user-pays" principle to ensure efficiency and quality.

- These reforms reinvented the state's role from a direct provider to a facilitator and manager of services. The citizen is treated as a 'customer,' and the agency is measured by its 'results,' not just its rules.

After examining technocratic and military-led models of development, we now move to a more advanced approach: Singapore's 'Neo-Managerial State,' where public governance is reshaped using business principles.

● Business-Oriented Reforms: Singapore adopts New Public Management (NPM), shifting from a rigid, rule-based bureaucracy to a system focused on efficiency, performance, and market logic.
● Financial and Managerial Autonomy: A key feature is the creation of statutory boards or executive agencies. These agencies are given strong financial and managerial independence, allowing them to manage budgets and design programs on their own.
● Operating Like Private Enterprises: These agencies operate like private firms. They use competitive salaries, performance-based rewards, and the 'user-pays' principle to improve efficiency and accountability.
● Reinvented State Role: This reform changes the role of the state from direct provider to manager and facilitator. Citizens are treated as customers, and success is measured by results rather than compliance with rules.

Challenges and Evolutions: Vietnam's "Doi Moi" Perspective

- **Market Socialism:** Building 'Market Socialism' is a tightrope walk. As the private sector grows, the state faces a constant struggle: How do you guide the market without letting the market's 'particularistic interests' guide you?
- **The Threat of Cronyism:** How the "state-led" development remains feasible only if industry policy is authoritative enough to prevent capture by narrow interests. If the state cannot maintain an authoritative industry policy, 'state-led development' quickly turns into 'state-facilitated cronyism.'

(Market Socialism as a Tightrope Walk)

Building 'Market Socialism' is a permanent tightrope walk. The government's goal is to use the market to achieve national modernisation, but it insists on 'state guidance' over the 'commanding heights' of the economy. The struggle here is one of control: How does the state guide the market without letting the market's 'particularistic interests' guide the state? Currently, because the state has focused more on giving enterprises autonomy rather than directing their investment, there is a risk that the priorities of foreign and private investors are actually the ones shaping the nation's long-term future.

(The Threat of Cronyism)

This brings us to the threat of cronyism. Beresford argues that Vietnam is on a 'knife edge'. If the state remains merit-based and keeps firms competitive, it can follow the successful East Asian model. But if it is influenced by narrow interests, it can shift into cronyism—where benefits are given based on connections, not performance.

STATE-BUSINESS RELATIONS; ALLIANCE CAPITALISM VS. CRONYISM

Alliance Capitalism vs. Cronyism

- **Alliance Capitalism:**
  - a strategic partnership where the state and private firms work together toward a national economic goal.
  - serves a rational economic purpose for long-term structural change
- **Cronyism:**
  - a private deal where the state and individuals work together for regime survival.
  - relies on personal connections for the political rationale of regime maintenance.
- **Key Distinction:** "In a healthy alliance, the state rewards performance; in a crony system, the state rewards loyalty.

"To be able to understand the two state-business relations, we must first learn to distinguish between them—specifically, what each partnership entails."

In Alliance Capitalism, as seen in the East Asian 'Developmental State' model, the state uses what Peter Evans calls 'Embedded Autonomy.' Basically, this is remaining close enough to the private sector to coordinate goals like industrialization, YET independent enough to punish underperformance. Here, the state rewards performance to drive long-term structural change.

In contrast, Cronyism is driven by a self-serving political interest rather than an economic one. It is a system of 'wealth extraction' where the state is 'captured' by sectional interests. Instead of a national goal, the priority is the survival of a regime. As our research shows, in a crony system, the state rewards loyalty through personal connections and patronage networks, often exploiting national resources to gain private profit."

Vietnam's State Enterprise (SE) Dilemma

- **The Vision:** "Vietnam's Doi Moi aimed to use State Enterprises as the engine for 'Market Socialism,' looking to follow the successful state-led models of East Asian neighbors."
- **The Reality:** "The engine stalled because the state couldn't provide the necessary investment.

Without capital, these enterprises lost their 'dynamism' and became vulnerable to outside interests."

- **The Warning Sign:** "When state-led development lacks a clear, authoritative industry policy and financial support, the balance tips away from national progress and toward cronyism."

"Vietnam provides a fascinating case study of this tension through its Doi Moi reforms. Its vision was to create 'Market Socialism'—using State Enterprises (SEs) as the driving forces that would lead the nation toward modernization, much like the Japanese or Korean models.

However, the reality was quite flawed. Many SEs were incomplete units using outdated 1960s technology. Beresford's research highlights a critical Warning Sign: the state failed to provide the necessary investment support.

Because the Vietnamese state couldn't provide the actual cash and investment these companies needed to modernize, they forced a messy compromise called 'insider equitisation.' Instead of bringing in outside experts to fix these struggling state companies, the government simply let the existing managers and workers buy the shares, which led to a major problem: the line between the government and private business disappeared. These directors began running 'backyard businesses' where they used state-owned resources, equipment, and political connections to fuel their own private family side-hustles. Because there was no strong, authoritative industry policy to provide credit and oversight, the system began to stir away from national progress and instead, toward a system where social power AKA your connections was converted into private income—which is essentially the very definition of cronyism."

Post-Socialist Transitions in Cambodia and Laos

- **The Rise of "Crony Capitalism":** In Cambodia and Laos, the transition away from socialism didn't lead to a free market—it led to a 'wealth extraction' system run by a tight alliance of political elites and military figures.
- **The Resource Grab:** Economic growth in these states is often driven by concessions. Political tycoons use their connections to secure vast tracts of land for logging and agribusiness, turning national resources into private profit.
- **The Result:** These aren't 'Developmental States'; they are systems of profound cronyism where power is used to grant access to resources in exchange for political backing.

"In Cambodia and Laos, the transition away from socialism skipped the 'developmental' phase entirely. Instead of building a state that drives national growth, they straight up went into deep-seated crony capitalism.

According to Hughes, these states underwent 'asset-stripping.' In Cambodia and Laos, the transition wasn't about building a free market, but about a 'Resource Grab,' or wealth extraction. Political elites and military figures formed tight alliances to grant 'Economic Land Concessions.' Millions of hectares of state land were privatized for logging and agribusiness; not for industrial growth, but for the private profit of a small percentage of 'national entrepreneurs.'

This has created a 'transnational elite network' that is somehow able to bypass the law to exploit resources across borders. While the 'winners' are the state-linked elites, the 'losers' are the rural ordinary and indigenous groups who face displacement and 'transnational expropriation.' In these countries, the government uses economic growth and trade to strengthen their own grip on power. Instead of the wealth trickling down, most regular people are forced to work in risky, questionable jobs where they have no government support or financial backup if things go wrong.

"When the state is unable to provide sufficient capital to help domestic industries flourish, it's no surprise that businesses have begun looking outside their borders in effort to acquire the funding that they need."

THE RELIANCE ON FOREIGN DIRECT INVESTMENT (FDI) AND TRANSNATIONAL NETWORKS

Vietnam's Reliance on the "External Engine"

- **The Funding Gap:** "Vietnam wanted to lead development through State Enterprises, but the domestic state lacked the capital to fund them. This created an 'investment vacuum' that only outsiders could fill."
- **The FDI Trade-off:** "To achieve technological upgrading and growth, Vietnam was forced to pivot toward **Foreign Direct Investment (FDI)** and joint ventures. The state shifted from being a *provider* of capital to a *negotiator* with global investors."
- **The Result:** "Economic growth became tethered to the global market. While this modernized the economy, it moved control away from the state and toward transnational corporations."

Initially, ang goal talaga ng Vietnam under Doi Moi was for the state to lead development, especially through State-Owned Enterprises. Gusto nila na ang government ang mag-drive ng industrialization at modernization. Pero dito pumasok yung malaking problema, kulang sila sa domestic capital. Even if strong ang state in terms of control, hindi sapat yung financial resources nila para pondohan ang large-scale industrial growth. So nagkaroon ng tinatawag na "investment vacuum." Ibig sabihin, may gap between what the state wanted to achieve and what it could actually fund. So kung hindi kayang pondohan ng state, sino ang gagawa? Of course yung foreign investors. Dahil dito, napilitan ang Vietnam na mag-shift ng strategy. Instead of relying purely on state-led funding, they opened up to Foreign Direct Investment or FDI, and joint ventures with foreign firms. So nagbago yung role ng state. From being the main provider of capital, naging negotiator na siya with global investors, meaning, sila na ang nagse-set ng policies, nagbibigay ng incentives, at nakikipag-deal sa multinational companies. These foreign investors brought in technology, capital, and access to global markets. Sila yung tumulong magtayo ng factories, especially sa manufacturing sector, and nagcreate ito ng export-oriented jobs.

So in terms of results, mabilis ang growth. Nag-modernize ang economy, dumami ang jobs, at naging competitive ang Vietnam globally. Pero may trade-off. Habang lumalaki ang role ng foreign capital, mas nagiging dependent ang economy sa global market. In other words, economic growth becomes "tethered" to global demand and foreign investors. At dahil dito, unti-unting lumilipat ang control, hindi na purely nasa state lang, kundi nasa transnational corporations na rin. So kahit state-guided pa rin ang system, may external influence na talaga sa direction ng development.

Transnational Dependency in The Mekong Region

- **New Dependency:** "Cambodia, Laos, and Myanmar are no longer 'isolated.' They are now deeply dependent on **transnational networks**, with Chinese investment serving as the primary driver for hydropower, mining, and plantations."
- **Resource-Power Paradox:** "Large-scale projects (like dams and mines) help the state extend its authority into remote borderlands, but this comes at a high cost: the displacement and **alienation of local populations**."
- **Key Discussion Point:** "In these states, 'development' often looks like a deal between national elites and foreign investors to extract resources, leaving the local people with the environmental consequences but few of the benefits."

If Vietnam relies on foreign investment for industrial growth, these countries rely even more heavily on transnational networks, especially Chinese investment. Before, these countries were relatively isolated. Pero ngayon, deeply integrated na sila sa global economy, but not necessarily as equal players. Ang main drivers ng development nila ay resource-based sectors, like hydropower, mining, and plantation agriculture. And most of these projects are funded or supported by foreign capital, especially from China. So in a way, development in these countries is not driven internally, but externally. And here's where it gets complicated. Yung large-scale projects like dams, mining operations, or plantations, it actually help the state. They allow the government to extend its power into remote areas, especially sa borderlands where state presence was previously weak. So may political benefit siya for the state. But at the same time, may malaking social cost. Many local communities are displaced. Nawawalan sila ng land, livelihood, at access to natural resources. So imagine this: may development project na malaki ang investment at profit, pero yung mga taong nakatira doon, sila yung nawawalan. This creates what we call a resource-power paradox. While the state becomes stronger, local populations become more vulnerable. And because of this setup, "development" often looks like a deal between national elites and foreign investors. Yung elites at investors ang nakakakuha ng benefits, while local communities deal with environmental damage, loss of land, and limited economic gain. So kahit may growth, hindi siya inclusive.

Singapore's Global "Aggression"

- **The Pressure of Competition:** "Even a successful state like Singapore isn't immune to global pressure. Intense competition forced the government to **deregulate** core sectors like telecommunications and banking to stay relevant."
- **The Regional Push:** "To survive, Singapore pushed its **Government-Linked Companies (GLCs)** and local entrepreneurs to stop looking inward and start investing aggressively in regional markets."
- **The Strategy:** "Singapore's survival strategy in the era of hyperglobalization is to become a 'Regional Hub.' The state doesn't just manage its own economy; it actively manages a portfolio of investments across Southeast Asia."

Unlike the previous countries, Singapore is already a highly successful developmental state. From the beginning, the government actively guided economic development, nag-plano sila, nag-build ng infrastructure, at nag-attract ng foreign investment. They also created strong institutions like the Economic Development Board and Jurong Town Corporation to support industrialization. But even with this success, Singapore still faced a major challenge, intense global competition. As the global economy became more competitive, Singapore realized that staying the same was not an option. So they adapted. One major step was deregulation, especially in sectors like telecommunications and banking. By making these sectors more open and competitive, they were able to stay relevant in the global market. And instead of just improving internally, Singapore also looked outward. The government pushed its Government-Linked Companies or GLCs, along with local entrepreneurs, to expand beyond Singapore. So instead of focusing only on the domestic economy, they started investing aggressively in regional markets, especially in Southeast Asia. This is what we call Singapore's "regional push." Their strategy is to position themselves as a regional hub. Meaning, hindi lang nila minamanage ang sariling economy, they also manage investments across the region. So the state becomes not just a regulator, but also a global investor. And this is how Singapore survives in the era of globalization, by staying competitive both locally and internationally.

Summary

- **On Development:** "In Southeast Asia, 'State-Led Development' is changing. It is moving from the state doing everything itself (Vietnam) to the state managing foreign partnerships (Cambodia/Laos) or acting as a global investor (Singapore)."
- **The Core Conflict:** "The biggest challenge for these governments is maintaining their Autonomy. How do you invite billions in foreign investment without losing control over your own national goals?"
- **The Impact on People:** "As states prioritize global competition and elite alliances, the 'Everyday Political Economy' of the average citizen—especially those in rural or borderland

areas—is often ignored in favor of large-scale, high-profit projects."

SOCIAL CONSEQUENCES: INEQUALITY, WELFARE, AND RESISTANCE

The Gendered Cost of Vietnam's Market Economy

- **Subordinated Labor:** "Vietnam's transition to a market economy has been built on the backs of female labor. Women are frequently subordinated to low-wage, intensive positions in export manufacturing—such as textiles and electronics—where they face the highest pressure and lowest job security."
- **Widening Gaps:** "While Doi Moi brought prosperity to some, it has driven deep regional and class inequalities. The benefits of growth are concentrated in urban hubs, leaving rural families and low-wage workers further behind."
- **Key Discussion Point:** "If the goal of the state was a 'civilized and equitable' society, we must ask: Is an economy 'equitable' if it relies on the systematic underpayment of one segment of the population?"

Sa Vietnam, nagsimula ang major transformation sa ilalim ng Đổi Mới, kung saan nag-shift sila from a socialist planned economy to a market-oriented, export-driven system. Dahil dito, mabilis ang naging growth—dumami ang foreign investments at lumakas ang export industries tulad ng textiles at electronics. Pero ayon sa Doi Moi in Review, may kapalit ang growth na ito—at isa na dito ay ang gendered labor structure. Sa export sectors, around 70–80% ng workers ay women, kadalasan mga batang manggagawa mula sa rural areas na napipilitang magtrabaho sa factories dahil kulang ang opportunities sa probinsya. Sa mga lugar tulad ng Bac Ninh at Binh Duong, makikita na ang mga babaeng manggagawa ay kumikita lang ng around ₱200–300 per day, na mas mababa sa living wage. Tapos ang working conditions pa ay mahirap—10–12 hours na trabaho, may forced overtime, at exposure sa health risks lalo na sa electronics assembly. May mga cases din ng harassment, at kapag tumanda o mabuntis, madali silang napapalitan without proper benefits. Ang importante dito ay hindi ito isolated cases—systemic ito. Pinipili ang mga women workers dahil ang tingin sa kanila ay mas compliant at less likely na magreklamo. Kaya nagiging foundation sila ng global competitiveness ng Vietnam, pero sila rin ang pinakanaiipit sa system. Dagdag pa dito, lumalala ang inequality between urban and rural areas. Habang ang mga city tulad ng Ho Chi Minh City ay patuloy na umuunlad, ang mga rural area tulad ng Mekong Delta ay nahihirapan—may landlessness, unstable income, at climate issues. Halimbawa, tumaas ang landless households from 12,000 to 83,000, at hanggang ngayon, majority ng poor ay nasa rural areas. Dahil dito, maraming kababaihan ang lumilipat sa urban areas para mag-factory work, pero instead na makaangat, nai-stuck sila sa low-wage cycle. Kaya ang tanong natin dito ay hindi lang economic: Kung ang growth ay nakatayo sa underpaid labor ng kababaihan, maituturing ba itong tunay na progreso? Now, from labor exploitation, let's move to another form of inequality—this time, land and resources—in the CLMV countries.

Dispossession and Destruction in CLMV Countries

- **Land-Grabbing and Primitive Accumulation:** "In Cambodia, Laos, Myanmar, and Vietnam (CLMV), 'development' is often synonymous with dispossession. The drive for resource extraction has led to land being granted to agribusinesses as economic land concessions, violently displacing peasant farmers, destroying traditional rural livelihoods, and causing massive environmental degradation.
- **Environmental Toll:** "The pursuit of hydropower and plantation agriculture doesn't just move people; it destroys the ecosystems they rely on. Severe environmental destruction is the 'unseen' cost of the transnational investment deals that power these states."
- **The Conflict:** "When the state prioritizes elite alliances over local land rights, development becomes a source of conflict rather than a path to common prosperity."

CLMV: Sa CLMV countries—Cambodia, Laos, Myanmar, at Vietnam—iba naman ang main issue. Ayon sa Transitions from State Socialism in Southeast Asia, ang development dito ay kadalasang nangyayari through primitive accumulation, meaning pag-convert ng lupa at resources into capital, kahit pa may displacement. Halimbawa, sa Cambodia, more than 2.6 million hectares ng lupa ang naibigay sa agribusiness, na nagresulta sa displacement ng 400,000+ farmers. Isang konkretong kaso dito ay ang Boeung (Bung) Kak Lake kung saan pinaalis ang mga residente para gawing commercial area. Sa Laos naman, ang mga proyekto sa Mekong River ay nagdulot ng relocation ng mga komunidad at pagkawala ng kabuhayan ng mga mangingisda. Sa Myanmar, ang jade mining ay nagdulot ng environmental destruction at panganib sa buhay ng workers dahil sa landslides. Hindi lang ito tungkol sa pagkawala ng lupa—may environmental cost din: deforestation, biodiversity loss, at disruption ng water systems. Halimbawa, ang dam ng Mekong River ay nakaapekto sa fish population, na pangunahing pinagkukunan ng protina ng maraming rural communities. Ang key insight dito ay: ● Ang development ay nagiging exclusive, hindi inclusive. Ang benefits ay napupunta sa investors at elites, habang ang costs—displacement, poverty, environmental damage—ay napupunta sa ordinaryong tao. Kaya instead na development ang maramdaman ng communities, nagiging source of conflict at inequality ito. So, after seeing how development can displace communities, let's now look at a different case—a successful economy with hidden risks: Singapore.

The Vulnerability of The Singaporean Model

- **The Anti-Welfare Stance:** "Singapore's strict 'anti-welfare' philosophy assumes that every citizen can always work. But in an era of job insecurity, relying solely on the **Central Provident Fund (CPF)**—which is essentially your own savings—may no longer be enough."
- **The Risk for the Vulnerable:** "During economic downturns, the lack of a broader social safety

net leaves low-income and vulnerable citizens exposed. When the market fails, individual savings alone cannot bridge the widening gap of income inequality."

- **The Warning:** "As global competition intensifies, Singapore's 'workfare' model faces a critical test: Can a state remain stable if its most vulnerable citizens are only one economic crisis away from poverty?"

Sa Singapore naman, iba ang situation. Kilala ito bilang successful economy dahil sa strong governance at efficiency. Pero ayon sa Governance and Bureaucracy in Singapore, may limitation din ang model na ito—lalo na sa anti-welfare approach. Sa halip na malalaking social safety nets, umaasa ang system sa Central Provident Fund (CPF), kung saan required ang citizens na mag-save para sa retirement, healthcare, at housing. Sa normal conditions, effective ito. Pero kapag may crisis, lumalabas ang weakness. Halimbawa, noong COVID-19, maraming workers ang nawalan ng income at hindi sapat ang kanilang CPF savings. Ngayon, ang average CPF payout ay around S$1,200/month, pero ang cost of living ay more than S$4,000/month. Ibig sabihin, kahit may ipon ka, hindi pa rin sapat. Dagdag pa rito, lumalaki ang structural pressures sa ekonomiya:

● Pagtaas ng gig economy – Maraming workers ang may irregular income, kaya hindi consistent ang kanilang kontribusyon sa CPF.
● Aging population – Mas maraming elderly ang umaasa sa limitadong savings at napipilitang magtrabaho kahit lampas na sa retirement age.
● Income inequality risks – Ang system ay mas pabor sa may stable at mataas na kita, habang naiiwan ang vulnerable sectors.

Ang modelong ito ay nagpapakita ng isang mahalagang trade-off: habang napapanatili nito ang fiscal sustainability ng estado, naililipat naman ang risk sa indibidwal. Sa ganitong setup, ang economic shocks ay hindi gaanong sinasalo ng gobyerno, kundi direktang nararamdaman ng mamamayan. Kaya ang tanong dito ay: Gaano katatag ang isang system kung ang survival ng tao ay nakadepende lamang sa kanyang sariling kakayahan?

SYNTHESIS AND CONCLUSION

The "Survival" Logic of Market Transition

- **The Myth of Equity:** While models like Vietnam's Doi Moi were framed as building a "civilized and equitable" society, the evidence suggests a different priority. For many Southeast Asian nations, the market transition was a strategic maneuver to ensure regime survival after the collapse of old aid networks (Beresford, 2008; Myo Tun, 2011).
- **Elite Enrichment over National Interest:** In states like Myanmar, Cambodia, and Laos, "state-led development" was often a cover for elites to transition from political power to economic wealth. The goal was not to create a competitive market for all, but to consolidate resources in the hands of a few loyalists (Hughes, 2020; Myo Tun, 2011).

The Myth of a Uniform "Developmental State"

While Southeast Asian nations have widely utilized state-led development, there is no single "developmental state" model.

- Singapore successfully utilized a highly interventionist model but is now strategically rolling back state control to become a market "facilitator" in order to remain globally competitive.
- Conversely, Suharto's Indonesia successfully utilized economic technocrats to guide development, whereas Myanmar's military regime failed to establish the same level of competent, autonomous bureaucracy, resulting in irrational economic planning and a failure to replicate Indonesia's developmental success.

Transnational Alliances and The New Cronyism

- **Global Integration as a Tool for Power:** Integrating into global capitalism didn't weaken Southeast Asian elites; it gave them new tools. By forming transnational business alliances—particularly with regional powers like China—political leaders and military figures have successfully entrenched their domestic power (Hughes, 2020).
- **Elite Capture vs. Embedded Autonomy:** transitioning to a market economy does not automatically lead to transparent capitalism or liberal democracy. The success of a state depends heavily on its relationship with business wherein the studies has proven to show pervasive trend toward crony capitalism
- **The Shift in Cronyism:** We see a move from "old cronyism" (local kickbacks) to "globalized cronyism," where state power is used to grant massive land and resource concessions to international networks in exchange for political and financial backing (Hughes, 2020, p. 132).

The Human Toll: Dispossession and Inequality

- **Systemic Dispossession:** The most profound cost of this transition is seen in the violent land-grabbing and displacement of peasant farmers in the CLMV countries. When the state treats land as a commodity for "developmental

concessions," the most vulnerable citizens lose their livelihoods (Hughes, 2020).

- **Entrenched Inequality:** Whether it is the subordination of female labor in Vietnam's factories or the widening wealth gap in "managerial" Singapore, the pursuit of global competitiveness has consistently resulted in profound social inequality (Beresford, 2008; Haque, 2004).

Conclusion

- **The Big Picture:** "The Southeast Asian 'Market Transition' was not a neutral economic shift; it was a political project. It was designed to save regimes and enrich elites, often at the direct expense of the poor and the marginalized."
- **Regime Survival over Equitable Development:** Market integration across the region has frequently been steered by incumbent elites—often resulting in crony capitalism and the asset-stripping of natural resources, rather than broad-based industrialization**.**
- **The Human Cost of "Miracle" Growth:** Economic development has been heavily subsidized by the vulnerable. The region's growth has produced severe social inequalities, the violent dispossession of rural farmers, the exploitation of female labor, and rising job insecurity.
- **On Global Capitalism:** "Globalization didn't bring a 'level playing field' to the region. Instead, it allowed elites to trade national resources for global status, creating a system where the state is strong enough to dispossess its citizens but too weak—or unwilling—to protect them."
- **The Final Lesson:** "If we want to understand development in Southeast Asia, we must look past the rising GDP and skyscrapers. We must look at whose land was taken, whose labor was exploited, and whose power was preserved to make those numbers possible."